



MEMORANDUM

Agenda Item No. 11(A)(5)

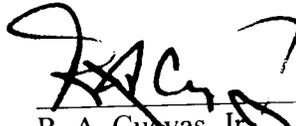
TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

DATE: November 16, 2010

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution directing the Public Health
Trust to terminate its agreement with
Foundation Health Services, Inc.

The accompanying resolution was prepared and placed on the agenda at the request of Co-Prime Sponsors Commissioner Natacha Seijas and Commissioner Joe A. Martinez.



R. A. Cuevas, Jr.
County Attorney

RAC/cp



MEMORANDUM
(Revised)

TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

DATE: November 16, 2010

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County Attorney

SUBJECT: Agenda Item No. 11(A)(5)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(5)

11-16-10

RESOLUTION NO. _____

RESOLUTION DIRECTING THE PUBLIC HEALTH TRUST TO TERMINATE ITS AGREEMENT WITH FOUNDATION HEALTH SERVICES, INC., AND DIRECTING THE PUBLIC HEALTH TRUST TO UNDERTAKE ALL EFFORTS TO: (i) DETERMINE THE AMOUNT OF MONEY DUE AND OWING TO THE PUBLIC HEALTH TRUST FOR ANY UNAPPROVED OR IMPROPER EXPENDITURES AND TO RECOUP SUCH MONIES; (ii) IDENTIFY ANY FUNDS, EQUIPMENT, ASSETS OR PROPERTY DUE AND OWING TO THE PUBLIC HEALTH TRUST AND RECOUP SUCH ITEMS; AND (iii) TO TAKE ALL ACTIONS NECESSARY TO COMPLY WITH THE DIRECTIVES IN THIS RESOLUTION

WHEREAS, the Public Health Trust (the “PHT”) is an agency and instrumentality of Miami-Dade County that operates Jackson Health System, including Jackson Memorial Hospital and multiple other designated facilities providing health care services to all segments of the Miami-Dade County community; and

WHEREAS, on September 21, 2010, the Board adopted Ordinance No. 10-54, requiring the Trust to comply with directives of the Board as set forth in resolutions; and

WHEREAS, the PHT is currently facing one of the most serious financial crises in its history and has previously advised the County of a cash flow shortfall; and

WHEREAS, the PHT is therefore faced with the challenge of continuing to furnish healthcare services to thousands of Miami-Dade County residents despite its current fiscal crisis; and

WHEREAS, the PHT has been providing millions of dollars in funding annually to Foundation Health Services, Inc. (“FHS”); and

WHEREAS, as a result of the serious fiscal crisis the PHT is experiencing, it must carefully examine the prudence of continuing to allocate millions of dollars in funding to FHS; and

WHEREAS, the Miami-Dade County Office of Inspector General (the "OIG") issued a Final Audit Report dated October 28, 2010 regarding the Management and Services Agreement between the PHT and FHS ("the Audit"); and

WHEREAS, in the Audit the OIG determined that FHS, which is one hundred percent (100%) funded by the PHT, did not have basic financial controls, engaged in wasteful, unnecessary, and unreasonable spending, and had ineffective and sometimes no oversight of credit card expenditures; and

WHEREAS, the Audit found over \$100,000.00 of what the OIG deemed questionable credit card expenditures by FHS employees for such items as dining, a cruise, goods and services of personal nature, flowers, gifts, cakes, limousine services, private airline club memberships, ATM cash advances; and

WHEREAS, the Audit: (i) determined FHS was unable to account for \$16,163.00 worth of inventoriable pieces of office equipment; (ii) identified over \$80,000.00 worth of equipment purchases the OIG deemed questionable; and (iii) questioned FHS' transfer of funds to its parent organization; and

WHEREAS, the Audit determined FHS has a \$2.2 million cash accumulation as a result of the payments made by the PHT to FHS; and

WHEREAS, the OIG stated the Audit was the first in a series of reports that the OIG will be releasing pertaining to FHS activities and expenditures,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Directs the PHT to terminate all agreement(s) the PHT has with FHS;

Section 2. Directs the PHT to refrain from entering into any new agreements, business dealings, relationships, or arrangements whatsoever with FHS absent express direction by the Commission;

Section 3. Directs the PHT to: (i) determine the amount of money due and owing to the PHT for FHS' unapproved or improper expenditures and to recoup such monies; (ii) identify any funds, such as cash accumulations, improperly held by FHS and to recoup such funds; and (iii) identify any equipment, assets, or property due and owing to the PHT and to recoup such items;

Section 4. Directs the PHT to ensure a Vice President is responsible, together with the Chief Executive Officer, for overseeing: (i) that the PHT obtains such information required to precisely determine how public funds have been spent by FHS and the deliverables resulting therefrom; (ii) that FHS does not receive any further funds from the PHT unless it can demonstrate it has performed under the parties' agreement and is otherwise entitled to such payment, particularly when taking into account the issues raised by the OIG's Audit; and (iii) that all actions necessary to implement the directives in this Resolution are undertaken.

Section 5. Directs the PHT to ensure that the President and CEO of the Jackson Health System, the Chief Financial Officer of the Jackson Health System, the Chairman of the PHT, and the Treasurer of the PHT report in Chambers at regularly scheduled Commission meetings, until such time as otherwise directed by the Chairperson of the Commission, on the PHT's implementation of the directives contained in this Resolution.

Section 6. Directs the PHT to take all lawful actions necessary to comply with the directives in this Resolution.

The Co-Prime Sponsors of the foregoing resolution are Commissioner Natacha Seijas and Commissioner Joe A. Martinez. It was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

- | | |
|----------------------|---------------------------------|
| | Dennis C. Moss, Chairman |
| | Jose "Pepe" Diaz, Vice-Chairman |
| Bruno A. Barreiro | Audrey M. Edmonson |
| Carlos A. Gimenez | Sally A. Heyman |
| Barbara J. Jordan | Joe A. Martinez |
| Dorrin D. Rolle | Natacha Seijas |
| Katy Sorenson | Rebeca Sosa |
| Sen. Javier D. Souto | |

The Chairperson thereupon declared the resolution duly passed and adopted this 16th day of November, 2010. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. *RAC for LML*

Eugene Shy, Jr.
Valda Clark Christian
Laura M. Llorente